

WASHINGTON, D.C. - A letter from Congressman Sam Farr (D-Carmel) and Assemblymember John Laird (D-Santa Cruz) was delivered to Gov. Schwarzenegger this afternoon asking him to request a disaster declaration from the Small Business Administration.

“With the opening of Highway 1, we're beginning to see the first signs of a return to normal for Big Sur,” Rep. Farr said. “But for residents whose homes have been destroyed and business owners who have seen no income for weeks, the return to normal will take much longer. It's these types of disasters that cry out for help from the federal government.”

While FEMA recovery funds receive more attention, it's actually the Small Business Administration (SBA) that provides the biggest share of recovery funds to both individuals for rebuilding homes and to business owners for property repair or to help with cash flow problems.

“An SBA agency disaster declaration would serve both individual homeowners and businesses with quick access to low-interest loans,” said Assemblymember Laird. “This assistance is needed to help with the difficult task of rebuilding and recovering from their losses.”

The declaration of a federal disaster by President Bush would free up SBA funds. However, the requirements to qualify for a federal disaster are extraordinarily high for California. The thresholds are not absolute, but generally require damages of around \$40 million, or about 800 homes destroyed. Damage from the current string of wildfires is unlikely to reach those thresholds.

However, an SBA agency disaster declaration has a lower threshold, requiring 25 homes or businesses severely damaged or destroyed. **If approved, SBA programs would include:**

- Low-interest loans of up to \$200,000 for a primary residence to cover losses not fully compensated by insurance.
- Low-interest loans of up to \$40,000 for homeowners or renters to repair or replace items such as clothing, furniture and automobiles
- Low-interest loans up to \$1.5 million for business property to cover losses not fully compensated by insurance.
- Low-interest loans up to \$1.5 million for small businesses that have suffered disaster-related cash flow problems and need funds for working capital to recover.

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